

RESOLUTION NO. 2002-25055

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER PERTAINING TO THE RANKING OF PROPOSALS RECEIVED PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 38-01/02 FOR PROVIDING FINANCIAL ADVISORY SERVICES TO THE CITY OF MIAMI BEACH; AUTHORIZING THE ADMINISTRATION TO ENTER INTO NEGOTIATIONS AND CONTRACT WITH THE TOP-RANKED FIRM OF WILLIAM R. HOUGH & CO.; AND SHOULD THE ADMINISTRATION NOT BE ABLE TO NEGOTIATE AN AGREEMENT WITH THE TOP-RANKED FIRM, AUTHORIZING THE ADMINISTRATION TO NEGOTIATE WITH THE SECOND-RANKED FIRM OF RBC DAIN RAUSCHER, INC.

WHEREAS, every five years the City issues a Request for Proposal (RFP) seeking competitive pricing for financial advisory services involving the financial planning, project financial analysis, investment management, debt issuance, reporting, evaluation of proposals, development of financial strategy for capital projects; and

WHEREAS, the cost of these services will be paid from the issuance of bonds; and

WHEREAS, a Request for Proposals (RFP) No. 38-01/02 was issued on May 21, 2002, with a deadline for the receipt of proposals of June 24, 2002, resulting in the receipt of four responsive proposals from the following firms:

- First Southwest Company
- Public Financial Management, Inc.
- RBC Dain Rauscher, Inc.
- William R. Hough & Co.

WHEREAS, an Evaluation Committee was appointed by the City Manager consisting of the following individuals:

- * Larry Herrup, (**Chairperson**), Budget Advisory Committee, Independent CPA
- * Jeryl (Deede) Weithorn, Budget Advisory Committee, Independent CPA
- * Tony Rodriguez, Budget Advisory Committee, Investment Banker
- * Georgina P. Echert, Assistant Finance Director
- * Jim Sutter, Internal Auditor

WHEREAS, the Evaluation Committee convened on October 22, 2002 and unanimously voted to recommend that the Administration be authorized to commence negotiations and contract with the top ranked firm; and

WHEREAS, the City Manager has reviewed the Evaluation Committee's recommendation, and herein recommends that the Mayor and City Commission enter into negotiations with the top-ranked firm of William R. Hough & Co; and if unsuccessful, negotiate with the second-ranked firm of RBC Dain Rauscher.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Miami Beach City Commission accept the recommendation of the City Manager pertaining to the Request for Proposal (RFP) 38-01/02 received for provision of Financial Advisory services to the City of Miami Beach; authorizing the Administration to enter into negotiations and contract with the top ranked firm, William R. Hough & Co.; and if unsuccessful in negotiations with the top ranked firm, authorizing the Administration to enter into negotiations with the second ranked firm, Dain Rauscher, Inc.

PASSED and ADOPTED this 13th day of November, 2002.

ATTEST:

Maria E. Martinez
for **CITY CLERK**

[Signature]
MAYOR

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**APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION**

[Signature] 11-7-02
City Attorney Date



June 24, 2002

Mr. Gus Lopez, CPPO
 Procurement Director
 City of Miami Beach
 1700 Convention Center Drive, Third Floor
 Miami Beach, Florida 33139

Dear Mr. Lopez:

William R. Hough & Co. is pleased to submit a proposal to serve as Financial Advisor to the City of Miami Beach. The team that we present in this proposal combines an outstanding blend of financial advisory experience, education and innovative ideas in implementing capital improvement financing and the planning of general government infrastructure improvements. With 40 years of experience in structuring innovative and cost-effective financing programs throughout Florida, our firm provides the highest level of experience, commitment and technical expertise in Florida governmental finance.

Florida's Leading Financial Advisor: For the period 1996-2000, William R. Hough & Co. ranked as the **number one Financial Advisor** and the **number one Senior Managing Underwriter** of municipal debt in the State of Florida based on the number of transactions. William R. Hough & Co. has achieved expertise in all aspects of governmental financing, including capital improvement and financial planning, debt policy development, bank loans, pooled financing programs, the issuance of tax-exempt and taxable, fixed and variable rate bonds and other debt instruments including derivatives and investments. Our firm currently serves as Financial Advisor to state agencies, counties, cities and school districts in several states. In 2001, our firm served as Financial Advisor to 29 governmental entities in Florida, and completed 54 financings in addition to serving as Senior Managing Underwriter for 73 transaction totaling \$937 million.

Florida's Leading Underwriter: As a Florida-based investment banking firm, William R. Hough & Co. has been a leading managing underwriter of Florida municipal bonds since 1966, **underwriting more Florida bond issues than any other firm in the United States (approximately twice as many issues as the second ranked firm).** Our firm is active in the national municipal market on a daily basis through our extensive secondary market trading. From 1995 through the first quarter of 2002, William R. Hough & Co. has ranked first as Senior Manager based on number of Florida negotiated transactions. For the first quarter of 2002, our firm ranked ninth nationally as Senior Manager for negotiated transactions based on par amount and tenth as Senior Manager for both competitive and negotiated transactions. Our underwriting desk has extensive underwriting experience which allows us to assist our financial advisory clients in obtaining the most cost-effective financing in light of a client's long-term objectives and prevailing market conditions.

Commitment to Miami Beach: Over the past three years, Richard Montalbano has presented a number of unique and creative financings to the City which resulted in immediate savings in financing cost in excess of \$1.5 million, in addition to significant annual interest rate savings resulting from creating tax-exempt financings for projects which would otherwise have required financing using taxable debt. In each of these situations our firm presented these limited resources to the City of Miami Beach prior to discussing such resources with other clients. While serving in his role as lead banker to the City, Mr. Montalbano has always taken a hands on approach in serving the City by attending all meetings, even upon short notice, and has been

known to show up in person, without being asked, when situations arise which needed to be resolved. Our continuing commitment to the City is reflected by the presentation delivered on April 3, 2002 contained as Appendix D herein. We presented two separate ideas which should result in significant increase in the City's investment of surplus funds and a swap to reduce the cost of outstanding taxable debt related to the tax increment financings. In Section J, we have updated such information to reflect current market conditions. We have identified opportunities for the City to receive approximately \$3.5 million now without impacting future debt service.

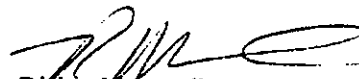
Financial Advisory Team: The City will be served by an experienced team representing some of Florida's most senior professionals. Richard Montalbano, Senior Vice President and Manager of Public Finance, will serve as Project Manager responsible for the daily activities as Financial Advisor to the City. Mr. Montalbano has over 21 years of investment banking experience. Richard Montalbano, served the City of Miami Beach as Financial Advisor from 1986 through the early 1990's when he became an Underwriter for the City. William R. Hough & Co. served as Senior Managing Underwriter on the City's \$52,170,000 Stormwater Revenue Bond, Series 2000, the \$30 million General Obligation financings in August 2000 and the \$47,145,000 annual appropriations financings completed in 2001 through the Gulf Breeze Pooled Loan Program. Mr. Montalbano served as lead banker on these transactions. While serving the City, as Senior Manager on these transactions, Mr. Montalbano has gained vast experience regarding the intricacies of each City financing having actively participated in the development of the engineering and rate studies and negotiations with bond insurers regarding credit/security issues. Since 1997, our firm has served as Financial Advisor, Underwriter or Private Placement Agent for 18 stormwater transactions nationally of which 8 were in Florida and 33 special assessment districts in Florida.

Commitment to Florida Public Finance: William R. Hough & Co. has demonstrated a commitment to Florida public finance that is rare in the industry today. Our firm currently has 12 offices nationwide, including eight in Florida. William R. Hough & Co. offers the City the largest public finance department in the State of Florida, with over 20 experienced bankers dedicated to Florida public finance. Our intimate knowledge of the structuring and credit issues of Florida governments will result in the most cost-effective financing for the City. No other national or regional firm has made such an extensive commitment of resources to Florida issuers.

The depth of resources created by the combination of our firm's departments will provide the best possible financial advisory services to the City of Miami Beach. William R. Hough & Co. is known by credit enhancers, rating agencies and investors as the most knowledgeable of Florida market participants. Local presence, in-depth knowledge and national reputation are hallmarks of William R. Hough & Co., a name and reputation developed over 40 years in business. Please feel free to contact me should you have any questions or need any clarifications.

Sincerely,

WILLIAM R. HOUGH & CO.



Richard Montalbano
Senior Vice President
(800) 800-0061

HISTORY OF FIRM

b. Brief history of firm.

William R. Hough & Co., a Florida corporation, was formed in 1962 with the principal objective of providing complete financial advisory and underwriting services to municipal issuers in the State of Florida, the fourth largest market for municipal bonds in the United States. During the 40 years our firm has been in business, we have become a recognized industry leader for our work in the Florida municipal market and nationwide. Headquartered in St. Petersburg, Florida, William R. Hough & Co. is well-positioned to meet the needs of our clients from 12 offices throughout the United States. Underwriting, trading activities and back-office operations are centralized in St. Petersburg with public finance and sales professionals located throughout the United States. This structure enables William R. Hough & Co. to provide personalized service to issuers throughout Florida, and ensures access to all potential investors in Florida municipal debt.



Commitment to Public Finance: William R. Hough & Co. has demonstrated a commitment to municipal finance that is rare in the industry today. While many firms have either removed themselves from the municipal bond business or gone out of business entirely, William R. Hough & Co. has aggressively added public finance, retail sales and institutional sales personnel, opening offices in Miami, Naples, Charleston, Baltimore, Phoenix, Dallas and Cincinnati. William R. Hough & Co. continues to hire investment bankers with the intent of expanding our Public Finance Department in targeted markets. This growth into other regions allows our firm to monitor developments and new ideas, which may benefit our clients. Our growth has been based on strong capitalization, sound management and our ability to find creative solutions for our client's financing and investment needs. No other national or regional firm has made such an extensive commitment of resources to Florida issuers.

Public Finance Services: The City's primary contact with the services and resources of William R. Hough & Co. is through our Public Finance Department. The Public Finance Department is the major focus within our firm. The Department is composed of 27 professionals, 21 of which are Florida-based, plus three quantitative analysts, making us the largest public finance operation in the State of Florida. William R. Hough & Co.'s public finance investment bankers are experienced in the complimentary disciplines of accounting, banking, finance, law, government and computer analysis. From eight Florida offices, our Florida-based bankers perform all financial advisory services to state, local and special district governments. Our daily involvement in all aspects of Florida governmental finance enables us to offer superior service and financing solutions to our

clients. Our public finance staff has ongoing training to assist in keeping current on changes in Florida law, federal tax law and other regulations that may affect municipal issuers. We have been able to establish this long-term standard of excellence because we maintain one of the largest and best-qualified public finance departments in the State of Florida comprised of specialized practice areas in: *water & sewer, electric utilities, aviation & transportation, special assessment & community development districts, school districts, health care, higher education and housing.* Our Public Finance Department works closely with the other departments of our firm to ensure that our clients are well-served.

William R. Hough & Co.'s Public Finance Department serves as an ongoing resource for our clients' financing issues. As a full-service investment bank, we pride ourselves on being client focused, rather than transaction oriented. We regard our client relationships as long-term commitments and strive to provide superior service in both strategic financial planning before and after the financing is complete. Our primary goal in any assignment is to structure and execute finance plans that deliver the required capital to our clients at the lowest cost.

In-House Technical Capabilities: Located at our corporate headquarters in St. Petersburg, William R. Hough & Co. has sophisticated computer modeling capabilities and one of the most experienced technical structuring staffs in the State of Florida. While many firms utilize entry-level associates to run numbers, William R. Hough & Co.'s technical staff is comprised of seasoned professionals who have been involved in billions of dollars of bond issues over the past 20 years. Our analytical professionals have combined municipal finance experience of more than 50 years; and are available to provide analytical assistance to the City. This experience has enabled us to stay on the cutting edge of the evolution of various financing structures as legal and market conditions have changed, and has directly resulted in our firm's development of many innovative financing structures for our clients. This expertise will be used to provide the City the most innovative and cost effective financing strategies possible.

William R. Hough & Co.'s Analytical Department has a large library of cash flow modeling software which includes both commercial programs and software which has been developed in-house. These programs address a broad range of public finance applications from generating arbitrage earnings reports to structuring refunding escrows and minimizing transferred proceeds penalties to performing sensitivity analysis on projected revenues.

The above-described computer software is additionally invaluable to an issuer, because of the fact that assessments, of necessity, must be structured so that bonds will be redeemed early. Our software predicts, under various assumptions, the dates upon which certain bonds will be redeemed. This allows an issuer to make disclosure of the likelihood of early redemption and the approximate date of redemption based upon certain assumed variables in an official statement. This disclosure can assist in defeating the likelihood of litigation in the event bonds are redeemed early pursuant to the bond resolution.

Underwriting and Trading: William R. Hough & Co. has earned the reputation as one of the most aggressive firms in the United States in the pricing and trading of Florida bonds. We carry the largest daily inventory of Florida municipal securities in the nation averaging over \$70 million daily, making us the leading market maker and supplier of Florida bonds to Wall Street. Our firm's variable rate desk has underwritten variable rate transactions ranging in size from \$3 million to \$500 million since 1994. We presently serve as remarketing

agent for variable rate issues totaling in excess of \$5.1 billion. William R. Hough & Co. has been involved in every type of bond issue for virtually every project need, participating in issues ranging in size from \$50,000 in notes to over \$1 billion in bonds. Our credibility and access to investors in Florida governmental debt enables us to secure the most cost-effective financing possible, regardless of the issue type or size.

This underwriting and trading expertise is extremely beneficial to our financial advisory clients. With input from our underwriting and sales professionals, we are able to structure bond issues to match investor demands and preferences. This could enable our financial advisory clients to lower their interest cost by several basis points resulting in substantial debt service savings. **This added dimension of our firm provides our financial advisory clients with a resource not available with financial advisory-only firms who do not trade bonds in the market.**

Hough Capital Advisors: William R. Hough & Co. offers clients portfolio management and investment consulting services through its Hough Capital Advisors ("HCA") division. HCA provides personalized, fee based, professional portfolio management services to meet investors' stated objectives by utilizing in-depth fundamental research and analysis. Portfolio managers and account executives confer with each investor to develop the appropriate customized program that meets their specific goals and objectives. Portfolio management services are offered for equity, fixed income and balanced accounts. Hough Capital Advisors assumes responsibility for managing a client's portfolio using information provided by each client. Decisions are made by a team comprised of portfolio managers, analysts and other WRH professionals. Our clients range from high net worth individuals to the Florida Windstorm Underwriting Association (FWUA). We serve as financial advisor to FWUA having advised this client on their investment guidelines and selection of money managers, we provide quarterly performance measurement services and continuous oversight of the money managers for an investment portfolio of approximately \$2 billion in investments.

Taxable Fixed Income/U.S. Government Securities: The Taxable Fixed Income Department of William R. Hough & Co. consists of a team of professionals who specialize in the trading and sales of taxable fixed income securities. The Taxable Fixed Income Department provides direct market knowledge and market making capabilities in U.S. Treasuries and agencies, Mortgage Backed Securities, Derivatives, Asset Backed Securities, and Corporate Bonds. In addition to secondary market trading, this department provides portfolio analysis, bond risk analysis, and horizon analysis of asset/liability positions for institutional customers. The sales force, traders, and analysts in this department are in constant contact with a wide range of buyers of taxable fixed income securities including corporations, insurance companies, mutual funds, domestic and international banks, portfolio managers, investment managers and other institutional investors.

Structured Finance: William R. Hough & Co.'s Structured Finance Department has participated in over \$7.9 billion in taxable and tax exempt debt transactions since the spring of 1996. The investment bankers comprising our firm's Structured Finance Department possess a breadth of experience spanning nearly four decades, including the completion of \$10 billion in structured finance transactions during the past 7 years. Located in Charleston, South Carolina, this department maintains a national practice in asset-backed finance and lease securitizations, including a specialty practice in Student Loan Finance. The diversity of taxable and tax-exempt fixed income products generated by the Structured Finance Department enhances William R. Hough & Co.'s strengths in these markets and provides our investors with additional taxable and tax-exempt products, including LIBOR floaters, treasury-bill floaters, auction rate bonds, variable rate demand bonds, and fixed rate notes, bonds and certificates.

Municipal Research: William R. Hough & Co. maintains a high level of expertise in municipal research, portfolio strategy and technical analysis supported by 10 full time professionals. William R. Hough & Co.'s Director of Research, Stefan Haberer, was selected as one of the nation's top analysts by *Institutional Investor Magazine*. Having previously analyzed many Florida credits as a lead analyst at Standard and Poor's, Mr. Haberer's insight from a rating agency's perspective provides invaluable feedback before any actual contact with the rating agencies.

Derivative Product Expertise: As financial advisor and underwriter to many issuers in the State of Florida, William R. Hough & Co. has advised clients and performed cost benefit analysis on all derivative products available in the marketplace and provides recommendations as to the best alternative for our clients given their financial and political situation. Because local governments are charged with safeguarding public funds, caution should be exercised in the consideration of any derivative instrument. The products that our firm has analyzed include inverse floaters, forward purchase agreements, tender option programs, forward/warrant refundings, Dutch Auction transactions and various interest rate swap and cap products. In 1998, William R. Hough & Co. served as financial advisor on a \$180 million interest rate swaption for Hillsborough County which was competitively bid. Prior to the bid date, William R. Hough & Co. spent months negotiating with several providers to ensure that the documents were structured to the County's benefit. The swaption enabled the County to realize over \$20 million in net present value savings. We also served as financial advisor to the Florida Windstorm Underwriting Associates since 1997 which issued \$1.9 billion of taxable debt during this period. As financial advisor and swap agent we structured a \$300 million swap executed by competitive sale in the first quarter of 2000. In the summer of 2001 we recommended that our client unwind this swap. The results were a cash payment to Florida Windstorm of approximately \$21 million. We actively monitor our clients' swap positions and can provide valuations.

Variable Rate Expertise: William R. Hough & Co. currently serves as remarketing agent for approximately 151 variable rate issues ranging in size from \$3 million to \$500 million and totaling in excess of \$5.1 billion. These issues are comprised of a variety of variable rate structures, including daily, weekly, AMT, taxable and 52 Dutch Auction bond issues with 7-day, 28-day and 35-day resets. Four variable rate remarketing specialists in St. Petersburg, Florida direct the efforts of institutional sales representatives and retail sales representatives covering 77 offices. These professionals are active in the tax-exempt market on a daily basis due to our firm's substantial volume of business as both financial advisor and underwriter.

Capital Position: There are few firms in the securities industry today with the record of William R. Hough & Co. in committing capital in difficult market conditions. William R. Hough & Co. routinely carries an average daily inventory in excess of \$70 million. Our capital is sufficient to allow William R. Hough & Co. to underwrite a transaction with a par amount of \$315 million as sole manager. The evaluation of a firm's capital sufficiency is not limited to the total amount of a firm's capital. More importantly, the evaluation must include a review of a firm's consistent willingness to utilize its capital to support clients both in the secondary market and in difficult market conditions. We have built our firm on the concept of being willing to risk our capital if the risk/reward ratio is appropriate, and we are more willing to commit capital for our issuing clients than most of our Wall Street based competitors. Our largest senior managed book-running issue in 2001 was \$400 million and we completed a \$500 million senior managed issue in May 2002.

Conclusion: Today, William R. Hough & Co. is a major national full service investment banking firm with extensive financing, research, underwriting, trading, and securities sales capabilities. We provide a broad range of investment banking services, including public and corporate finance investment banking, financial advisory services, underwriting and marketing of fixed income and equity securities, fixed income and equity research, asset management, and real estate and equipment finance. Our growth outside the State of Florida has been based on strong capitalization, sound management, and our ability to find creative solutions for our client's financing and investment needs.



FLORIDA TRANSACTIONS AS FINANCIAL ADVISOR OR UNDERWRITER

c. *List of all transactions for which firm served as Financial Advisor or Underwriter, as follows (separate transactions by roles):*

1. *Separately list all transactions nationally.*
2. *Separately list all transactions within Florida.*
3. *Limit list to transactions closed after January 1, 1999.*
4. *Include the following details for each refunding listed for the last twelve (12) months include:*
 - *Date of Sale*
 - *Principal Amount*
 - *Issuer*
5. *Highlight Tax Increment financings on these lists.*

From 1996-2000, William R. Hough & Co. ranked as the number one financial advisor of municipal debt in the State of Florida based on the number of transactions. Since 1999, our firm has served as Financial Advisor on 168 transactions totaling over \$6.2 billion. Our firm currently serves as Financial Advisor to 68 clients including: states, state agencies, counties, cities and school districts in several states.

As a Florida based investment banking firm, William R. Hough & Co. has been the leading managing underwriter of Florida municipal bonds since 1966, **underwriting more Florida bond issues than any other firm in the United States.** Since 1966 William R. Hough & Co. has senior managed 1,558 bond issues with a par value of \$19.675 billion. William R. Hough & Co. is active in the national municipal market on a daily basis through our extensive secondary market trading. Since January 1, 1999, William R. Hough & Co. has served as Senior Managing Underwriter or Co-Managing Underwriter on 1,262 financings totaling over \$30 billion.

Included as Appendix C are five lists containing the above requested information.

- All financings where William R. Hough & Co. served as Financial Advisor **nationally** since January 1, 1999.
- All financings where William R. Hough & Co. served as Underwriter **nationally** since January 1, 1999.
- **All Florida** financings where William R. Hough & Co. served as Financial Advisor since January 1, 1999. This list reflects a total of 102 transactions with a par value of over \$ 4 billion.
- **All Florida** financings where William R. Hough & Co. served as Underwriter since January 1, 1999 for a total of 489 transactions with a par value of over \$11 billion.
- **All refunding** issues William R. Hough & Co. has participated in over the last twelve months. This list reflects a total of 131 transactions with a par value of over \$3 billion.

PROPOSED FEES AND PRICING SCALES

- e. *Submit proposed fees and firm's analysis of what pricing scales would have been on three hypothetical transactions, assuming a \$50 Million General Obligation, Special Obligation and Tax Increment Revenue Issue were marketed on June 12, 2002. Include interest rate scales, assuming both an A/Baa1 rated issue and a AAA/AAA rated issue. Assume a par offering in both scenarios.*

William R. Hough & Co. proposes to be compensated for work performed for the City as follows:

- a. In connection with the issuance of debt, the Financial Advisor shall be paid at closing in accordance with the following schedule with a minimum fee of \$15,000 per transaction:

Par Amount of Bonds Issued	Fee per \$1,000
\$0- \$50,000,000	\$1.25
\$50,000,000 - \$100,000,000	\$1.00
\$100,000,000 and more	\$0.75

- b. For special projects unrelated to the issuance of debt, alternative financial products or investments the Financial Advisor shall be paid on an hourly basis for all time expended by its personnel, as follows:

Senior Vice President	\$165 per hour
Vice President	\$150 per hour
Assistant Vice President and Financial Analyst	\$100 per hour
Support Staff	no charge

Alternatively, the City may wish to negotiate a fixed price for such special projects.

- c. The City and the Financial Advisor acknowledge that there will be special projects for which the services of the Financial Advisor may be requested which are not appropriately compensated for on an hourly rate and which do not result in the issuance of bonds as more specifically referenced below. Fees for these special services shall be negotiated on a case by case basis and shall be agreed to in writing by both parties.
- d. In the capacity of placement and/or pricing agent of interest rate swaps or other derivative products, William R. Hough & Co. will charge a fee of 0.05% of the weighted average balance to be swapped each year, discounted at a taxable yield, with a cap to be negotiated on each transaction reflecting the complexity and risk associated with such transactions. For the reinvestment of bond proceeds we will charge a fee of 3 basis points computed on the same

basis as described in the previous sentence.

- e. For conduit financings proposed to be issued through the City, the Financial Advisor shall be paid on the same fee schedule as set forth above in paragraph (a) by the Borrower. In the event that no bonds are actually issued, the Financial Advisor shall receive a fee from the Borrower, such fee subject to negotiation between the Financial Advisor and the Borrower, but in no event less than the dollar amount for the hours expended on the project to compensate the Financial Advisor for the preparation and presentation to the City of a report analyzing the credit, the proposed marketing plan, and analyzing the City's protection from any risk of default on the financing and making a recommendation regarding the issuance of the proposed bonds.
- f. The Financial Advisor shall be reimbursed for all out-of-pocket expenses. Travel expense reimbursement shall comply with the City's policy for reimbursement of City employees.

Below is our analysis of the yields curve for the various \$50,000,000 transactions pricing on June 12, 2002. As requested, all bonds are assumed to be issued at par with serial amortization for 30 years.

	General Obligation		Special Obligation/TIF	
	AAA	A/Baa1	AAA	A/Baa1
2003	1.68	2.03	1.70	2.13
2004	2.17	2.52	2.19	2.62
2005	2.66	3.08	2.68	3.18
2006	2.96	3.43	2.98	3.53
2007	3.24	3.76	3.26	3.86
2008	3.52	4.09	3.54	4.19
2009	3.71	4.33	3.73	4.43
2010	3.90	4.52	3.92	4.63
2011	4.00	4.62	4.02	4.72
2012	4.10	4.72	4.12	4.82
2013	4.24	4.95	4.26	5.05
2014	4.37	5.07	4.39	5.17
2015	4.48	5.17	4.50	5.27
2016	4.59	5.27	4.61	5.37
2017	4.69	5.37	4.71	5.47
2018	4.78	5.46	4.80	5.57
2019	4.87	5.55	4.89	5.65
2020	4.96	5.64	4.98	5.74
2021	5.01	5.69	5.03	5.79
2022	5.05	5.73	5.07	5.83
2023	5.09	5.77	5.11	5.87
2024	5.12	5.80	5.13	5.90
2025	5.15	5.83	5.17	5.93
2026	5.16	5.84	5.18	5.94
2027	5.17	5.85	5.19	5.95
2028	5.18	5.86	5.20	5.96
2029	5.19	5.87	5.21	5.97
2030	5.20	5.88	5.22	5.98
2031	5.21	5.89	5.23	5.99
2032	5.21	5.89	5.23	5.99

INDIVIDUALS RESPONSIBLE FOR THE ENGAGEMENT

- f. *Identify and provide a resume for the individual who would have overall responsibility for your firm's financial advisory engagement with the City. Also, please identify and provide resumes for two other primary individuals who will participate in the engagement with the City.*

The team of professionals from William R. Hough & Co. committed to the City of Miami Beach provide an exceptional level of experience and expertise in governmental finance. All of these professionals are located in Florida and have in-depth understanding of the structuring of Florida bonds. Richard Montalbano, Senior Vice President and Manager of Public Finance, will serve as Project Manager. Mr. Montalbano will manage the daily activities relative to the City's financings and coordinate our firm's resources in our role as Financial Advisor for the City. Either Bonnie Wise, Senior Vice President or Sonya Coleman Little, Vice President, will serve as Co-Project Managers with Mr. Montalbano depending on the specific transaction and will assist in all aspects of processing the City's transactions. In addition, Mr. Montalbano, will be directly supported by Elizabeth Tannebaum, Assistant Vice President located in our Miami office, and Tom Greene, Assistant Vice President. Prior to joining our firm in 1997, Ms. Tannebaum practiced public finance law with Squire, Sanders and Dempsey in their Miami office, where she participated in all areas in which the firm served as Bond Counsel or Underwriter's Counsel for numerous Florida issuers, including Miami Beach. Ms. Tannebaum's legal experience provides her with the legal perspective needed to fully understand the documents and the structuring of those documents required for a bond issuance. Thomas Greene brings extensive governmental experience having served as Senior Policy Advisor to U. S. Senator Bob Graham in Washington, D.C. from 1993 - 1998 and then as Central Florida Regional Director, representing Senator Graham in 26 counties from 1998 - 2001. Mr. Greene monitors the progress of legislation in Tallahassee and Washington, D.C. in order to ensure that the views of our clients are accurately represented. In addition to other resources of William R. Hough & Co. that will be available to the City, Andy Mathes, Vice President and Senior Analyst, will provide quantitative analysis. Mr. Mathes specializes in interest rate swaps and alternative investment products.

The team members assigned to serve the City of Miami Beach have extensive experience with various debt financings, encompassing all aspects of these financings, including rating agency/insurance presentations, validation proceedings, document structuring, and investment of bond proceeds. Our team approach assures that one or more of our bankers will always be available to attend all meetings, presentations and workshops related to the City's financing for which our firm is assigned as financial advisor. In addition, our team approach and our expertise in all aspects of municipal finance further assures that our team will be able to complete time-sensitive transactions while interacting effectively with the City and other professionals involved in the City's financings. The selection of a financial advisor with experienced professionals will provide the City with the most efficient and cost-effective service.

Richard Montalbano
Senior Vice President
Manager of Public Finance

Richard Montalbano has 21 years of investment banking experience, including 14 with national investment banking firms. He joined William R. Hough & Co. in September, 1994 to manage our firm's South Florida public finance activities and opened our public finance office in Miami. In February, 1997 he was named Manager of

William R. Hough & Co.'s Public Finance Department. He has served as financial advisor or senior manager



responsible for coordinating the structuring and marketing of various tax-exempt and taxable, fixed and variable rate transactions totaling more than \$6 billion. He has managed individual transactions ranging in size from \$5 million to \$432 million. Mr. Montalbano has served as lead underwriter or financial advisor to a wide range of clients including Dade, Broward and Duval Counties and the cities of **Miami Beach**, Miami, North Miami, Homestead, Miramar, Hollywood, Pembroke Pines, Sunrise, Naples, Tallahassee, Orlando, Jacksonville, and Tampa on numerous general obligation, non-ad valorem including tax increment and special assessments transactions, water and sewer, stormwater, solid waste, transportation and hospital financings. He has also served as senior manager to the Miami Sports and Exhibition Authority for its original transaction in 1985 and refunding in 1993 and as financial advisor for the Miami-Dade County/Homestead Motorsports Complex. He has continuously served as financial advisor to the City of Miami Department of Offstreet Parking since 1982.

Specifically related to recent experience with the City of Miami Beach, Mr. Montalbano has presented over the past three years, a number of unique and creative financings to the City which resulted in immediate savings in financing cost in excess of \$1.5 million, in addition to significant annual interest rate savings. William R. Hough & Co. served as Senior Managing Underwriter on the City's \$52,170,000 Stormwater Revenue Bond, Series 2000, the \$30 million General Obligation financings in August 2000 and the \$47,145,000 annual appropriations financings completed in 2001 through the Gulf Breeze Pooled Loan Program. Mr. Montalbano served as lead banker on these transactions.

Mr. Montalbano received his M.B.A. in Finance and he is a Certified Public Accountant, having worked eight years with a national accounting firm. He has a thorough understanding of municipal accounting and budgeting having served as Finance Director for the City of St. Petersburg and Miami-Dade County. He has been a frequent speaker on municipal finance topics and has been an adjunct professor at the University of Miami, Florida International University and the University of South Florida teaching accounting and finance courses. Mr. Montalbano has served on the Board of Mercy Hospital for 20 years and continues to attend all Finance Committee and Board meetings in Miami. He also previously served on the Board of Viscaya for eight years. He is a NASD Registered General Securities Representative, a Registered Municipal Securities Principal, and a member of the Florida Institute and American Institute of Certified Public Accountants.

Bonnie M. Wise
Senior Vice President

Bonnie Wise joined William R. Hough & Co. in 1995 after spending eight years with Raymond James & Associates, Inc. She has served as Financial Advisor or Underwriter for numerous Florida issuers. In addition, Ms. Wise has served as an expert witness in validation

proceedings at the circuit court level for a stormwater assessment financing. Ms. Wise's current financial advisory clients include the City of Hollywood, Tampa Bay Water, the City of St. Petersburg, the City of Fort Myers, the City of Cape Coral, the City of Pinellas Park and Pinellas County and the State of Florida Division of Bond Finance.

Ms. Wise has been an innovator in the electronic bidding of competitive sales as well as the electronic distribution of Preliminary Official Statements. Ms. Wise has utilized all three electronic competitive bid methods for various bond sales. As Financial Advisor to the City of St. Petersburg, Ms. Wise competitively sold the first issue in Florida under the Bloomberg System. In addition, as financial advisor to Pinellas County, Ms. Wise utilized the first electronic distribution of a Florida Preliminary Official Statement through the

Thomson Prospectus System. Ms. Wise has been utilizing technology to best assist her financial advisory clients in obtaining the best bids for their bonds, resulting in the lowest possible interest rates.

Ms. Wise graduated from the University of Florida in 1984 with honors in finance. She continued her education at the University of Florida Graduate School of Business where she received a fellowship for women in non-traditional fields and earned a masters of business administration with concentration in finance. She is a Registered General Securities Representative. Ms. Wise served as a member and past Chairman of the Housing Finance Authority of Hillsborough County. Prior to her investment banking career, Ms. Wise served as an internal auditor for a large Florida bank and also worked at a pension consulting firm where she analyzed returns and maintained a data base of pension funds.

Sonya Coleman Little
Vice President

Sonya Coleman Little joined William R. Hough & Co. in 1994 and has worked on a variety of financings for municipal issuers. She has been involved in a number of financings and refinancings for programs in the areas of water and sewer, solid waste, stormwater, public education, natural resources, university system improvement, parking facilities, general obligation, various non-ad valorem and housing. Ms. Little's experience includes creating structures and developing financial plans for various bond issues including credit enhancement and rating agency presentations. In addition, she has technical experience in new money financings, refinancings and escrow structuring. Ms. Little served as the project support professional working with Mr. Montalbano on the City of Miami Beach Gulf Breeze loans and the stormwater transaction, which our firm senior managed, in 2000.

Prior to joining William R. Hough & Co., Ms. Little worked as a Bond Development Specialist with the State of Florida, Division of Bond Finance. She earned a B. S. degree in Business from the University of South Florida and is a NASD Registered General Securities Representative.

LOCATION OF PRICING DESK/RESUME OF UNDERWRITER

- g. *Provide the location of the pricing desk that would review the price of the City's Bonds. Include a resume of the firm's underwriter at this location, with particular emphasis on relevant experience pricing Florida municipal bonds.*

William R. Hough & Co.'s underwriting desk is located at our headquarters in St. Petersburg, Florida. During the pricing phase of the financing, William R. Hough & Co.'s Underwriting Department will work closely with the City's staff and Underwriter to ensure that the City's financings are offered at an aggressive level. Our underwriting desk has more experience in the pricing and marketing of Florida bonds than any other firm in the United States, and is frequently contacted by "financial advisory only firms" to find out if their deals are being appropriately priced. Scott Johnston, Florida's most seasoned underwriter, will have primary responsibility for any pricing and marketing information.

For the period 1996-2000, William R. Hough & Co. ranked as the **number one** Senior Managing Underwriter of municipal debt in the State of Florida based on the number of transactions. William R. Hough & Co. has been a leading managing underwriter of Florida municipal bonds since 1966, **underwriting more Florida bond issues than any other firm in the United States (approximately twice as many issues as the second ranked firm)**. Our firm is active in the national municipal market on a daily basis through our extensive secondary market trading. From 1995 through the first quarter of 2002, William R. Hough & Co. has ranked first as Senior Manager based on number of Florida negotiated transactions. For the first quarter of 2002, our firm ranked ninth nationally as Senior Manager for negotiated transactions based on par amount and tenth as Senior Manager for both competitive and negotiated transactions. **This added dimension of our firm being the leading Senior Manager of Florida municipal bonds provides our financial advisory clients with a resource not available with financial advisory-only firms who do not trade bonds in the market.**

**Scott G. Johnston, Sr. Vice President
Underwriting/Trading/Sales Department
St. Petersburg, Florida**

Scott Johnston, one of the leading underwriters in the United States, will provide pricing and marketing information for the City's financings. Mr. Johnston has been involved as managing underwriter in many large bond issues involving syndicates of several investment

banking firms, and is responsible for managing an average daily bond inventory of \$70 to \$80 million. He has served as senior managing underwriter on transactions ranging in size from \$50,000 in notes to over \$1 billion in bonds. Mr. Johnston also manages our firm's variable rate desk which has underwritten 151 variable rate transactions ranging in size from \$3 million to \$500 million and currently serves as remarketing agent for 151 variable rate bond issues totaling in excess of \$5.1 billion. Because of his daily contact with all sectors of the bond market, he is thoroughly knowledgeable on market conditions and the demand for specific kinds of securities. As the senior underwriter in the State, other firms frequently seek his opinion on pricing levels of Florida bonds at their initial marketing.

Mr. Johnston holds a B.A. degree in Economics from Tulane University. He has been actively involved in the underwriting, trading, and selling of municipal bonds for over 20 years. He is also an NASD Registered

General Securities Representative, Registered General Securities Principal, Registered Municipal Securities Principal and a Registered Municipal Securities Representative.



**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

Acceptance of the Manager's recommendation relative to the ranking of the firms proposals pursuant to Request for Proposals (RFP) No. 38-01/02 for Providing Financial Advisory Services.

Issue:

Whether to approve the Manager's recommendation relative to the ranking of the firms proposals.

Item Summary/Recommendation:

Request for Proposals (RFP) No. 38-01/02 was issued on May 21, 2002, with an opening date of June 24, 2002. A pre-proposal conference was held on June 12, 2002, to provide information to firms considering submitting a proposal. Four (4) proposals were received from the following firms:

- * First Southwest Company
- * Public Financial Management, Inc.
- * RBC Dain Rauscher, Inc.
- * William R. Hough & Co.

An Evaluation Committee selected by the City Manager convened on October 22, 2002, to rank the four proposals received. During deliberation, the Committee members discussed their individual ranking of the four firms and arrived at the following Committee ranking:

- * First: William R. Hough & Co.
- * Second: RBC Dain Rauscher, Inc.


ACCEPT THE MANAGER'S RECOMMENDATION AND AUTHORIZE NEGOTIATIONS

Advisory Board Recommendation:

Financial Information:

Amount to be expended: The cost of these services is paid from Bond proceeds.

Source of Funds:	Amount	Account	Approved
1			
2			
3			
4			
Total			



Finance Dept.

City Clerk's Office Legislative Tracking:

Patricia Walker

Sign-Offs:

Department Director	Assistant City Manager	City Manager
GL 	PDW 	JMG 

AGENDA ITEM C7J

DATE 11-13-02

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.ci.miami-beach.fl.us



COMMISSION MEMORANDUM

To: Mayor David Dermer and
Members of the City Commission

Date: November 13, 2002

From: Jorge M. Gonzalez
City Manager

Subject: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER PERTAINING TO THE RANKING OF PROPOSALS RECEIVED PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 38-01/02, FOR PROVIDING FINANCIAL ADVISORY SERVICES; AUTHORIZING THE ADMINISTRATION TO ENTER INTO NEGOTIATIONS AND CONTRACT WITH THE TOP RANKED FIRM OF WILLIAM R. HOUGH & CO. ; AND SHOULD THE ADMINISTRATION NOT BE ABLE TO NEGOTIATE AN AGREEMENT WITH THE TOP RANKED FIRM; AUTHORIZING THE ADMINISTRATION TO NEGOTIATE WITH THE SECOND RANKED FIRM OF DAIN RAUSCHER, INC.**

ADMINISTRATION RECOMMENDATION

Adopt the Resolution.

ANALYSIS

Every five years the City issues a Request for Proposals (RFP) seeking competitive pricing for Financial Advisory services. This Contract/Agreement will be for a two-year period, with an option to renew for three additional one-year periods, to be exercised at the City's discretion. The financing team will consist of the City's staff, including the Office of the City Attorney, the City's Bond Counsel, Financial Advisor and the Investment Banking Team, one of whom will be selected as manager. All fees will be contingent upon the issuance of the bonds.

These services include financial planning, project financial analysis, investment management, debt issuance, reporting, evaluation of proposals, development of financial strategy for capital projects taking into consideration the City's short and long-term financial needs, available financing options and alternative debt structures, and computer support and modeling for complex financial analysis. The firm will also assist in the selection of investment banking teams for the City.

ANALYSIS (Cont.)

The firm selected will participate in future bond issues by assisting the City with development of timetables, preparation of preliminary and final official statements, bond resolution, and other documentation as may be required. Further, the Financial Advisor will make recommendations of appropriate credit structures, evaluate the use of various credit enhancements, participate in presentations to the rating agencies and review the marketing and sale of any debt prior to, during, and after the pricing of bonds. Further, the selected firm shall assist the City in the development of strategies for investment of bond proceeds as well as provide final analysis of bond sales. The Financial Advisor will also assist the City in the development and implementation of various investment strategies, including research and evaluation of the structuring, timing and procurement of investments to implement a specific strategy. Funding is available from budget for Bond issuance costs for each bond issue.

Request for Proposals (RFP) No. 38-01/02 was issued on May 21, 2002, with a deadline for the receipt of proposals of June 24, 2002. DemandStar issued twenty-five (25) notices by Onvia. This resulted in the receipt of the following four responsive proposals:

1. First Southwest Company
2. Public Financial Management, Inc.
3. RBC Dain Rauscher, Inc.
4. William R. Hough & Co.

On September 24, 2002 the City Manager via Letter to Commission (LTC) No. 219-2002 appointed an Evaluation Committee ("the Committee") consisting of the following individuals:

Larry Herrup, Independent CPA – (Chairperson)

Jeryl (Deede) Weithorn, Chairperson, Budget Advisory Committee, Independent CPA

Tony Rodriguez, Budget Advisory Committee, Investment Banker

Georgina P. Echert, Assistant Finance Director

Jim Sutter, Internal Auditor

On October 22, 2002, the Committee convened, with all committee members in attendance. The Committee was provided with the project overview and background information by Patricia Walker, the City's Chief Financial Officer. The Committee reviewed references submitted by the proposers, and were briefed on the City's policies and procedures relative to the Cone of Silence Ordinance and the Government in the Sunshine Law. Furthermore, they discussed the following RFP Evaluation Criteria factors used to evaluate and rank the proposals:

ANALYSIS (Cont.)

- Experience and Qualifications of Proposer/Personnel assigned with the City as a Financial Adviser - 30 Points
- Commitment to Florida Municipal Finance as demonstrated by Resources located in Florida - 20 Points
- Availability of Independent Pricing Facility for the Evaluation of Rates proposed by the Underwriter(s) - 20 Points
- Availability and Accessibility of Firm and Individuals assigned to Miami Beach - 15 Points
- Proposed Fees - 15 Points

BID TABULATION:

COMMITTEE MEMBER	FIRM FIRST SOUTHWEST COMPANY	FIRM PUBLIC FINANCIAL MANAGEMENT	FIRM RBC DAIN RAUSCHER, INC.	FIRM WILLIAM R. HOUGH & CO
LARRY HERRUP	90 (3)	55 (4)	100 (1)	100 (1)
DEEDE WEITHORN	80 (3)	60 (4)	90 (2)	100 (1)
TONY RODRIGUEZ	55 (3)	55 (3)	70 (2)	100 (1)
GEORGINA ECHERT	70 (3)	60 (4)	75 (2)	100 (1)
JIM SUTTER	85 (3)	77 (4)	90 (2)	93 (1)
RANKINGS	(3)	(4)	(2)	(1)

CONCLUSION:

The Administration recommends that the Mayor and City Commission adopt the Resolution, which accepts the City Manager's recommendation, and authorizes the Administration to enter into negotiations and contract with the top-ranked firm of **William R. Hough & Co.**; and should the Administration not be able to negotiate an agreement with the top ranked firm; authorizing the Administration to negotiate with the second ranked firm of Dain Rauscher.

AGREEMENT FINANCIAL ADVISORY SERVICES AGREEMENT

THIS AGREEMENT is made and entered into this 13th day of November, 2002 by and between the City of Miami Beach, Florida (the "Client") and William R. Hough & Co., a Florida Corporation with its principal place of business located at 100 Second Avenue South, Suite 800, St. Petersburg, Florida 33701 (the "Financial Advisor").

1. The Client hereby retains William R. Hough & Co. and William R. Hough & Co. hereby agrees to act as Financial Advisor to the Client.

2. The term of this Agreement shall commence with the execution hereof and shall terminate two years from said date (the "Termination Date"). The Agreement shall automatically renew for an additional two year period, unless within sixty (60) days prior to the Termination Date hereof either Party provides written notice to the other party stating their intention not to renew the Agreement. Either party may cancel and terminate this agreement upon sixty (60) days' written notice to the other party, and at that time, all responsibility and obligation under this Agreement will terminate. Once notice of Termination has been received, all work shall cease unless otherwise directed by the Client. In the event of early termination of this Agreement, the Financial Advisor shall be compensated on all projects in progress until the date of formal written notification.

3. Financings Involving A Public Offering of Debt Securities. The Financial Advisor agrees that upon request the following services may be performed by the Financial Advisor in consideration of the compensation in Paragraph 6 hereto:

- a. Review existing debt structure and financial resources to determine available borrowing capacity.
- b. Evaluate financing mechanisms and assist in the financing component of any such mechanisms chosen by the Client.
- c. To be available, upon proper notification, to participate in conference calls, conferences, with the personnel of the Client and other consultants to the Client regarding financing matters.
- d. Provide information concerning the structure of financing programs used by other issuers.
- e. Recommend in conjunction with bond counsel, provisions and covenants to be contained in bond issues, including, but not limited to bond amounts, maturities, interest rates, redemption provisions, flow of funds, debt service coverage requirements, reserve funds, security pledges and conditions relating to the issuance of additional bonds.
- f. Assist with the preparation of debt service requirements for proposed issues.

- g. Advise on the use of a negotiated or competitive bid sale for each issue.
 - h. Coordinate bond closing and transfer of funds.
 - i. Advise as to the advantages and disadvantages of municipal bond insurance or other credit enhancements.
 - j. Coordinate with and provide the municipal bond rating agencies (and credit enhancers, if applicable) with information necessary to obtain an appropriate rating on the bonds.
 - k. Advise as to market conditions and recommend the timing of the sale of the bonds.
 - l. Assist where needed at the time of a competitive sale in checking all bids for compliance with bid specifications, and make a recommendation as to award of the bonds in the best interest of the Client.
 - m. Assist, upon request, in selection of the book-running managing underwriter and co-managing underwriters for negotiated sale of bonds.
 - n Advise whether to utilize a selling group.
 - o. Review the bond purchase agreement and advise as to its acceptance or rejection in light of market conditions.
 - p. Assist in negotiating the interest rates proposed by the underwriters for the bonds as well as the underwriters compensation and expenses on the issue expressed in terms of the gross underwriters discount.
 - q. Assist legal counsel in the preparation and distribution of the Official Statement.
 - r. Arrange for distribution of the Official Statement to bond underwriters and investors in accordance with the objectives communicated to the Financial Advisor by the Client or its agents or representatives.
 - s. Assist, at bond closing, and coordinate printing, signing and delivery of bonds, including receipt of transcript, bond printing, CUSIP numbers and delivery of bonds.
4. Financings Not Involving a Public Offering of Debt Securities. The Financial Advisor agrees that upon request the following services may be performed by the Financial Advisor (in addition to the services previously described) in consideration of the compensation in Paragraph 6 hereto:

- a. Assist in the selection of a financing vehicle, including but not limited to, private placement of debt, participation in pooled short term borrowing programs, bank loans, tax anticipation notes, certificates of participation, and revenue anticipation notes or other alternative financial products, including but not limited to interest rate swaps, caps or collars.
 - b. In conjunction with Client's legal counsel, assist in the preparation of private placement memorandums, loan applications, or other information related to the financing.
5. Services Not Involving Specific Financings. The Financial Advisor agrees that upon request the following services may be performed by the Financial Advisor in consideration of the compensation in Paragraph 6 hereto:
- a. Attend meetings related to the Client's business as requested.
 - b. Prepare debt capacity reports and other requested services, such as periodic rating agency updates and other special studies as directed by the Client.
6. Compensation. The Financial Advisor shall be compensated, for all work performed, for the Client pursuant to paragraphs 3, 4 and 5 of this Agreement as follows:
- a. The Financial Advisor shall be paid the following hourly rates for all time expended by its personnel for specific projects requested in writing by the Client, as follows:

Senior Vice President	\$165 per hour
Vice President	\$150 per hour
Assistant Vice President and Financial Analyst	\$100 per hour
Support Staff	no charge

Alternatively, the City may wish to negotiate a fixed price for such special projects.

The City and the Financial Advisor acknowledge that there will be special projects for which the services of the Financial Advisor may be requested which are not appropriately compensated for on an hourly rate and which do not result in the issuance of bonds as more specifically referenced below. Fees for these special services shall be negotiated on a case by case basis and shall be agreed to in writing by both parties.

- b. In connection with the issuance of debt, the Financial Advisor shall be paid at closing in accordance with the following schedule with a minimum fee of \$15,000 per transaction:

Par Amount of Bonds Issued	Fee Per \$1,000
First \$0 - \$50,000,000	\$1.25
\$50,000,001 - \$100,000,000	\$1.00
\$100,000,001 – and more	\$0.75

There shall be a surcharge of \$5,000 for competitive sales and/or refundings.

- c. In the capacity of placement and/or pricing agent of interest rate swaps or other derivative products, William R. Hough & Co. will charge a fee of 0.05% of the weighted average balance to be swapped each year, discounted at a taxable yield, with a cap to be negotiated on each transaction reflecting the complexity and risk associated with such transactions.
 - d. For the preparation of the bid solicitation and review of bids received for securities to be purchased for escrow accounts, guaranteed investment agreements and other investments, the Financial Advisor shall be paid a Placement Fee of five basis points (0.05%) of the weighted average balance to be invested each year of the agreement, discounted at a taxable yield by the agreement provider on behalf of the Issuer.
 - e. For conduit financings proposed to be issued through the Client, the Financial Advisor shall be paid on the same fee schedule as set forth above in paragraph (a) by the Borrower. In the event that no bonds are actually issued, the Financial Advisor shall receive a fee from the Borrower, such fee subject to negotiation between the Financial Advisor and the Borrower, but in no event less than the dollar amount for the hours expended on the project to compensate the Financial Advisor for the preparation and presentation to the Client of a report analyzing the credit, the proposed marketing plan, and analyzing the Client's protection from any risk of default on the financing and making a recommendation regarding the issuance of the proposed bonds.
 - f. The Financial Advisor shall be reimbursed for all out-of-pocket expenses. Travel expense reimbursement shall comply with the Client's policy for reimbursement of Client employees.
7. Other Services. The Client agrees that the following category of services, or other services not enumerated herein, when requested in writing to be performed by the Financial Advisor shall be compensated in a mutually agreed upon manner confirmed in writing by both parties.
- a. Assisting with validation proceedings and/or testifying as an expert witness with respect to offerings.

- b. Providing secondary market disclosure services upon request in compliance with Rule 15c(2)-12 of the Securities and Exchange Commission.
 - c. Participating in the development of a financial plan for the Client's capital improvements program.
 - d. Advice on various budget and funding matters not specifically related to the offer of securities or other financings referenced in Paragraphs 3 and 4 herein.
- 8. The parties acknowledge that if William R. Hough & Co. sells securities for investment programs to the Client such sale is in William R. Hough & Co.'s role as a broker/dealer and as principal and the Client acknowledges that a mark-up will be charged on the sale, which markup shall be disclosed to the Client.
 - 9. Richard Montalbano, Senior Vice President, will be the primary banker for the Financial Advisor for all work performed herewith. Other professionals will perform services as directed by Richard Montalbano. Richard Montalbano may be removed from this position at the Client's request.
 - 10. The Financial Advisor shall be entitled to the reimbursement of expenses associated with all services contemplated herein in full.
 - 11. The parties acknowledge that the Financial Advisor may have ongoing business relationships with other investment banking firms and financial advisors, including firms doing business with the Client.
 - 12. This Agreement does not govern, nor does it prohibit the Financial Advisor serving in other roles, such as investing funds as a broker/dealer, selling securities to the Client as principal or other activities.
 - 13. Severability. Should any term, provision, covenant, condition or other portion of this Agreement be held illegal or invalid, then such illegality or invalidity shall not affect the remainder of this Agreement, and the remainder shall continue in full force and effect as if such illegality or invalidity had not been contained herein.
 - 14. Agreement. This Agreement may be executed in one or more copies, each of which shall be an original, and the copies together constitute but one in the same Agreement, which may be amended in writing with the consent of both parties from time to time.
 - 15. Assignments. The parties to this Agreement each bind itself and its partners, successors, legal representatives and assigns to the other party to this Agreement and to the partners, successors, legal representatives and assigns of such other party in respect to all covenants and provisions of this Agreement and both parties recognize that this Agreement is non-transferable to a third party.

16. Entire Agreement. This Agreement constitutes the entire agreement between the parties and shall supersede and replace all prior agreements or understandings, written or oral, relating to the matters set forth herein. Notwithstanding the foregoing, however, the Financial Advisor hereby affirms the accuracy of the information provided by it in its proposal to the Client.
17. Amendment. This Agreement shall not be amended or modified other than in writing signed by the parties hereto.
18. Governing Law. This Agreement is governed by and shall be construed in accordance with the laws of the State of Florida.
19. Indemnification. Financial Advisor agrees to indemnify and hold harmless the Client and its officers, employees and agents, from and against any and all actions, claims, liabilities, losses, and expenses, including, but not limited to, attorneys' fees, for personal, economic or bodily injury, wrongful death, loss of or damage to property, at law or in equity, which may arise directly from the grossly negligent acts, or gross negligent omissions of the Financial Advisor, in connection with the Financial Advisor's performance of the Services specifically set forth in this Agreement; and to that extent, the Financial Advisor shall pay all such claims and losses and shall pay all such costs and judgments which may issue from any lawsuit arising from such claims and losses, and shall pay all costs and attorneys' fees expended by the Client in the defense of such claims and losses, including appeals. The parties agree that one percent (1%) of the total compensation to the Financial Advisor for performance of the Services under this Agreement is the specific consideration from the Client to the Financial Advisor for the Financial Advisor's Indemnity Agreement.

The Financial Advisor's obligation under this subsection shall not include the obligation to indemnify the Client and its officers, employees and agents, from and against any actions or claims or portions thereof which arise or are alleged to have arisen from negligent acts or omissions or other wrongful conduct of the Client and its officers, employees and agents. The parties each agree to give the other party prompt notice of any claim coming to its knowledge that in any way directly or indirectly affects the other party.

20. Access To Records. Financial Advisor agrees to allow access during normal business hours to all financial records related to the performance of this Agreement to the Clients and/or such authorized representatives as it may deem to act on its behalf, and agrees to provide such assistance as may be necessary to facilitate financial audit by the Client or its representatives when deemed necessary to insure compliance with applicable accounting and financial standards. Financial Advisor shall allow access during normal business hours to all other records, forms, files and documents which have been generated in performance of this Agreement, to those personnel as may be designated by the Client.

21. Conflict of Interest. The Financial Advisor agrees to adhere to and be governed by the Metropolitan Miami-Dade County Conflict of Interest Ordinance (No. 72-82), as amended; and by the City of Miami Beach Charter and Code, which are incorporated by reference here in as if fully set forth herein, in connection with the Agreement conditions hereunder.
22. Notices. All notices and communications in writing required or permitted hereunder may be delivered personally to the representatives of the Financial Advisor and the Client listed below or may be mailed by registered mail, postage prepaid (or airmailed if addressed to an address outside of the Client of dispatch).

Until changes by notice in writing, all such notices and communications shall be addressed as follows:

TO FINANCIAL ADVISOR: Richard Montalbano, Senior Vice President
William R. Hough & Co.
100 Second Avenue South, Suite #800
St. Petersburg, FL 33701

TO CITY: City of Miami Beach
Attn: City Clerk
1700 Convention Center Drive
Miami Beach, FL 33139
(305) 673-7411

Notices hereunder shall be effective;
If delivered personally, on delivery; if mailed to an address in the Client of Dispatch, on the day following the date mailed; and if mailed to an address outside the Client of Dispatch on the seventh day following the date mailed.

23. Litigation Jurisdiction/Venue. This Agreement shall be enforceable in Miami-Dade County, Florida, and if legal action is necessary by either party with respect to the enforcement of any or all the terms or conditions herein, exclusive venue for the enforcement of same shall lie Miami Dade County, Florida.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and their seals to be affixed hereto as of the day and year first above written.

Attest:



Title: Robert Parcher, City Clerk

City of Miami Beach, Florida

By: 

Title: David Dermer, Mayor

Attest:

Barbara S. Tapan
Title: Administrative
Assistant

WILLIAM R. HOUGH & CO.

By

Richard Montalbano

Title: Senior Vice President

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION

John A. [Signature] 7/18/83
City Attorney Date